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1. HUNGARIAN GENERAL STRIKE APPEARS TO BE ENDING

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[REDACTED]

Large numbers--possibly 50 percent--of Budapest workers returned to their jobs on 19 November in a move designed to avert starvation and stop deportations, according to press reports. Spokesmen for the workers asserted that they had not sacrificed a single demand and reserved the right to strike should the Kadar regime fail to live up to its promises of a "new deal" for the Hungarian worker and peasant.

The Kadar regime claims to have accepted virtually all worker demands. [REDACTED] the American legation in Budapest reports that a coalition government will be formed in the next day or two, but will not include any significant non-Communists. Negotiations with Nagy--presumably still in the Yugoslav embassy--have apparently broken off.

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The legation reports that all or most of the divisions committed in the Budapest action on 4 November have been replaced with fresh, "less warlike" troops equipped with older armaments.

[REDACTED] re-
ported on 17 November that the Soviets, working through the Kadar government, appear to be reorganizing the Hungarian forces. Wide purges of "rebel" military personnel are anticipated. (NOFORN)

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2. NEHRU TAKES BOLDER STAND ON HUNGARY

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Prime Minister Nehru told the Indian parliament on 19 November that the Soviet army is in Hungary "against the will of the people" and that the Soviet intervention "has powerfully affected the prestige of the USSR and her people." These statements indicate that Nehru is giving in to some extent to the flood of press and popular criticism within India of his hitherto equivocal position on Hungary.

Nehru justified India's earlier refusal to criticize the Soviet Union's action in Hungary on the grounds that little reliable information had reached him. Nehru explained that the "passive opposition shown by large masses of the Hungarian people" is now "more impressive than the armed uprising." In his earlier comments, he relied heavily on the account of events sent to him by Soviet premier Bulganin on 8 November.

Fear that world opinion would interpret the \$126,000,000 loan which India received from the USSR on 15 November as a reward for silence on Hungary may have been an additional motivation.

Continuance of Nehru's strong criticism of British-French-Israeli actions in Egypt during the parliamentary debate indicates that he remains more interested in events in the Middle East than in Hungary, despite his belated and restrained criticism in regard to the latter.

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4. KING HUSSAIN ASKS AMERICAN HELP AFTER
"INEVITABLE" BREAK WITH BRITAIN

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[REDACTED] Following his return from the conference of Arab chiefs of state in Beirut, Jordan's King Hussain told Ambassador Mallory that he considered a break with Britain inevitable. Hussain stated that while he did not personally desire an immediate break, Jordan was under growing pressure to drop British aid. In this situation, Jordan would need financial help [REDACTED]

Hussain requested American assistance, implying that Jordan had assurance of Soviet assistance at any time. He said he did not wish to accept Soviet aid and that Arab help would be neither secure nor permanent.

Comment

Hussain's bid for American financial aid as an alternative to Soviet assistance follows a similar recent effort by his army chief of staff, General Nuwar. Jordan's new leftist government appears committed to severance of the tie with Britain.

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5. IRAQI PRIME MINISTER SEEKS TO COUNTER RISING
POPULAR DISSATISFACTION

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Iraqi prime minister Nuri Said is combining tight police controls with a program of anti-Western gestures as concessions to the Iraqi public, [redacted]

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[redacted] police controls have been effective so far, but he believes it is still too early to judge the effect of the concessions.

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If these concessions fail, [redacted]

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[redacted] the British, King Faisal and his family advisers, or even Nuri himself may conclude that a prime minister who ostensibly is more anti-British is needed. The leading candidate as Nuri's successor is believed to be former prime minister Saleh Jabr, who accompanied King Faisal to the recent meeting of Arab chiefs of state in Beirut.

Comment

Other reports indicate that the Iraqi public, and some army elements, are so deeply suspicious of Nuri's British ties that no "concessions" of this kind are likely to offset his government's vanishing popularity. Jabr is the leader of the "loyal opposition" to Nuri; he does not disagree in any essential with Nuri's pro-Western foreign policies, but he appears to look more toward the United States than to Britain for support. (NOFORN)

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6. THE SOVIET-POLISH COMMUNIQUE

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The USSR has taken a long step in the 18 November communique with Poland toward meeting Poland's political, military, and economic demands. Poland, in return, has reaffirmed the Soviet-Polish alliance and its membership in the socialist camp and has agreed to the "temporary" stationing of Soviet troops in Poland.

If implemented, the Soviet concessions will make a substantial contribution to the stability and popularity in Poland of the Gomulka regime. The communique provided that the "temporary presence" of the Soviet forces in Poland, which is "still expedient" because of the danger of a rebirth of German militarism, will be governed by agreement of the two governments. Poland will have a voice in the number, location and movement of Soviet troops, including those crossing Poland between East Germany and the USSR.

Agreement was also reached on Poland's demands for adequate compensation for its coal, on the settlement of other outstanding accounts, and on substantial Soviet economic aid.

By these agreements, the USSR has given its support to Gomulka and his policies and will probably continue to accept development of a national Communist Poland within the framework of the Soviet alliance. (CONFIDENTIAL)

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7. POLISH JAMMING OF WESTERN BROADCASTS DECREASES

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[REDACTED] Polish interference with Western broadcasts has decreased considerably during the past few weeks, though a few jammers in Poland are apparently still in operation.

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[REDACTED] jamming by Poland has stopped and that the remaining interference is caused by non-Polish jammers.

Comment

According to a Polish newspaper on 31 October, politburo member Jerzy Morawski said that Poland had decided to discuss with British, French and Italian authorities the cessation of jamming of their broadcasts. Another Polish newspaper on 13 November reportedly demanded that the \$20,000,000 spent yearly for jamming Western broadcasts be devoted to food and housing.

Prior to Gomulka's accession to power, Poland had openly criticized Radio Free Europe because of its balloon activities and had attempted to persuade Bonn to curtail RFE's operation in West Germany. Now the Polish relaxation of jamming has been extended to RFE.

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8. ARGENTINE BREAK IN RELATIONS WITH THE USSR
REPORTED NEAR

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Argentina is expected to sever diplomatic relations with the USSR momentarily.

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Foreign Ministry has confirmed that a decree to this effect is before President Aramburu but not yet signed. (NOFORN)

Comment

The proposed break is prompted primarily by strong Argentine reaction against Soviet aggression in Hungary, and is also in line with recent government action against Argentine Communists. Argentina may ask the United States, or Uruguay or Mexico, the only other Latin American nations which maintain diplomatic relations with the USSR, to handle its affairs in Moscow.

The Argentine delegate to the United Nations was instructed on 9 November to propose that UN members break or suspend relations with the USSR and not recognize the new Hungarian regime. On 16 November, however, Argentina's acting foreign minister said he would recommend that his government countermand the UN delegate's orders and merely break off relations independently.

A break in relations presumably would affect Argentine-Soviet trade, which totaled \$61,900,000 in 1955.

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**9. USSR REPORTEDLY OFFERS \$200,000,000 CREDIT
TO TURKEY**

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[REDACTED]

The USSR has indicated a desire to assist in the building of "installations" in Turkey and would furnish "extensive credits up to \$200,000,000" to Turkey for this purpose, [REDACTED]

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[REDACTED]
The offer was reportedly made to the state-owned Eti Bank by the Soviet commercial attaché and the director of Tekhnoekspor.

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Comment

This would be the largest Soviet offer to Turkey yet reported. While Turkey is likely to continue to reject general offers of large-scale aid involving even an implied shift in its political orientation, the mounting tempo and scale of Soviet offers may clear the way for acceptance of Soviet credits and equipment for specific small-scale projects.